



**CONWEST
EXPLORATION**
C O M P A N Y L I M I T E D

THIRTY-SEVENTH ANNUAL REPORT

NOTICE OF MEETING
INFORMATION CIRCULAR

December 31 — 1975

Thirty-Seventh Annual Report

of

C O N W E S T

EXPLORATION COMPANY LIMITED

OFFICERS

M. P. CONNELL	- - - - -	President
J. C. LAMACRAFT	- - - - -	Executive Vice-President and Secretary-Treasurer
I. F. T. KENNEDY	- - - - -	Vice-President
C. K. O'CONNOR	- - - - -	Vice-President — Exploration and Development
W. STEUERMAN	- - - - -	Assistant Secretary-Treasurer

DIRECTORS

W. C. CAMPBELL	- - - - -	Toronto, Ontario
E. B. CONNELL	- - - - -	Spencerville, Ontario
M. P. CONNELL	- - - - -	Toronto, Ontario
S. E. JAMIESON	- - - - -	Toronto, Ontario
I. F. T. KENNEDY	- - - - -	Toronto, Ontario
J. C. LAMACRAFT	- - - - -	Toronto, Ontario
C. K. O'CONNOR	- - - - -	Toronto, Ontario

TRANSFER AGENT AND REGISTRAR

MONTREAL TRUST COMPANY - - - - - Toronto, Ontario

BANKERS

THE ROYAL BANK OF CANADA

AUDITORS

CLARKSON, GORDON & CO. - - - - - Toronto, Ontario

SOLICITORS

LANG, MICHENER, CRANSTON,
FARQUHARSON & WRIGHT - - - - - Toronto, Ontario

ADMINISTRATIVE OFFICE

SUITE 1010, 85 RICHMOND STREET WEST - - - Toronto, Ontario

ANNUAL MEETING

June 30, 1976 - - - - - The Adelaide Room
Hotel Toronto
145 Richmond Street West
Toronto, Ontario



Suite 1010
85 Richmond Street West
TORONTO, ONTARIO
M5H 2G1

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders:

Notice is hereby given that the Annual Meeting of the Shareholders of Conwest Exploration Company Limited will be held at The Adelaide Room, Hotel Toronto, 145 Richmond Street West, Toronto, Ontario, on Wednesday, June 30, 1976, at the hour of 9:30 o'clock in the forenoon for the following purposes:

1. To receive the thirty-seventh annual report of the directors.
2. To receive the financial statements of the Company for the year ended December 31, 1975, together with the auditors' report thereon.
3. To elect directors.
4. To appoint auditors and to authorize the directors to fix their remuneration.
5. To transact such other business as may properly come before the meeting.

By order of the Board of Directors,

J. C. LAMACRAFT,
Secretary

Dated June 3, 1976
Toronto, Ontario.

See Pages 18 to 20 for Information Circular



Report of the Directors

To the Shareholders
Conwest Exploration Company Limited.

Your Directors submit the 37th Annual Report on the affairs of your Company, including the audited financial statements for the year ended December 31, 1975.

During 1975 and in early 1976, the Company concluded four major undertakings that will have a significant effect on the Company's future. Each of these developments supports our goal of continued participation in a significant level of natural resource exploration. These four ventures are more fully described below.

INTERNATIONAL MOGUL MINES LIMITED

In October of 1975, your Company acquired from Coldstream Mines Limited 995,585 common shares (38.2%) of International Mogul Mines Limited for a consideration of \$3,982,340 cash on closing and a contingent payment of \$1,793,000. International Mogul Mines Limited holds approximately 18% of the issued share capital of Coldstream Mines Limited and also holds \$4,443,000 of debentures of Coldstream Mines Limited and its subsidiary companies. The debentures are secured by a floating charge on the property and assets of Coldstream and its subsidiaries, subject to prior security in favour of The Toronto-Dominion Bank. The debentures bear interest at Mogul's bank rate plus two percentage points and are callable on thirty days' notice. The agreement of purchase and sale between Conwest and Coldstream provides that Conwest will, subject to certain conditions, retire the balance of the debentures in the amount of \$1,793,000 if as and when Coldstream retires \$2,650,000 of the debentures.

The acquisition of the controlling interest in International Mogul Mines Limited broadens the ability of both companies to participate in mineral resource exploration programmes, development of discoveries, and acquisitions of mineral resource assets.

International Mogul Mines Limited, a diversified natural resource, investment holding, and development company, at the time of Conwest's acquisition, had as major investments a 75% interest in Mogul of Ireland Limited, which Company operates a zinc-lead mine in the Republic of Ireland; a 62% interest in the Pine Vale Group of companies, a group of public Australian companies involved in mineral exploration, investment, and real estate holdings; a 10% interest in the common share capital of North Canadian Oils Limited, a Canadian oil and gas production and exploration company; a 15% interest in Bluemount Resources Limited, a Canadian junior oil and gas exploration and development company; directly and through subsidiary companies major investments in gas production in the United States, principally Texas; numerous interests both directly and through holdings in subsidiary and associated companies in mineral exploration properties in Canada and the United States; an 85% interest in InterMogul, a subsidiary incorporated for the purpose of carrying out exploration in Italy, Spain and Portugal; interests directly and through subsidiary companies in various venture capital situations; and investments in both income-producing real estate and development real estate.

At the time Conwest purchased its interest in International Mogul, Mogul owed The Toronto-Dominion Bank approximately \$5,500,000 and owed approximately \$2,000,000 in connection with the purchase of certain gas interests in the United States. These liabilities restricted the Company's operating flexibility. Since October, International Mogul has sold its 75% interest in Mogul of Ireland; its interest in the gas properties in the United States; several holdings of real estate and the venture capital companies. The bank loan and notes payable have been retired and Mogul now has working capital in excess of \$4,000,000.

CONSOLIDATED CANADIAN FARADAY LIMITED

Conwest holds 321,500 shares, representing 9.0% of the issued capital of Consolidated Canadian Faraday Limited, a well-known Canadian mining and exploration company, whose primary interest is a 49% equity in the Madawaska Mine near Bancroft, Ontario. This mine, formerly known as the Faraday Mine, which produced over 5,800,000 lbs. of uranium oxide from April 1957 to June 1964, is scheduled to resume production in July of this year. Production at an annual rate of 1,000,000 lbs. uranium oxide is forecast. Related companies of Conwest hold a further 210,000 shares or 6% of Consolidated Canadian Faraday Limited. Your Company is appropriately represented on the Board of Directors of Faraday.

THE CONWEST CANADIAN URANIUM EXPLORATION JOINT VENTURE

During the past year, Conwest organized the Conwest Canadian Uranium Exploration Joint Venture. The Joint Venture participants are Conwest, Eldorado Nuclear Ltd. (a Canadian Crown corporation), Empresa Nacional Del Uranio, S.A. (a Spanish company), Electrowatt Limited (a Swiss company) and Central Electricity Generating Board (a British agency). This Joint Venture will operate in Canada for a period of five years with an annual budget of \$1,500,000 under the direction of your Company.

Each of the five participants will contribute 20% of the annual budget and each has a 20% interest in the Joint Venture. The agreement provides for designation of projects as Specific Projects and provides for financing over and above the annual budget in certain circumstances. Pursuant to the agreement, Eldorado Nuclear Ltd. has the right to purchase an additional 30% equity in Specific Projects on a pro rata basis from the other four participants. Conwest, as Manager, is entitled to a 3% royalty on the gross value of any production accruing to the Joint Venture.

Certain other companies have agreed to participate in Conwest's interest in the Joint Venture. These companies contribute to their pro rata share of Conwest's commitment to the Joint Venture and are entitled to a similar pro rata share of Conwest's entitlements. The distribution of the Conwest interest is as follows:

Conwest Exploration Company Limited	25%
Consolidated Canadian Faraday Limited ..	25%
International Mogul Mines Limited	25%
Chimo Gold Mines Limited	15%
Calmor Iron Bay Mines Limited	10%

Conwest has retained Dr. E. F. Evoy to undertake the technical direction of the Joint Venture. Dr. Evoy has devoted most of his career to uranium exploration in Canada, Australia, and the United States.

A report on the activities of the Joint Venture is included with this report.

CONSORTINA INCORPORATED

Your Company holds 63.3% of the issued shares of Consortina Incorporated. Consortina is a private company formed to consolidate the interests in the Riverside Lodge (Oakville) Limited and the Jarvis House, acquired by the Conwest Group in October 1974 and August 1975 respectively. The policy of Consortina is to acquire and develop properties providing a mixture of unique dining, accommodation and entertainment concepts. Recently, Consortina has purchased the Ports of Call restaurant in Toronto, on Yonge Street south of St. Clair Avenue, and the Ascot Inn, located on Rexdale Boulevard near Highway 27 in Etobicoke, Ontario. The aggregate cost of these four properties is approximately \$6,500,000. A further \$1,500,000 will be spent on extensive renovations and refurbishing of the Ports of Call and the Ascot Inn during 1976. The source of financing of these acquisitions and subsequent improvements is through vendor mortgages of \$2,800,000, a \$4,000,000 five and one-half year term loan through The Royal Bank of Canada guaranteed by the Conwest Group, and additional loan financing available from the Conwest Group.

Sales revenue and operating profits from the Jarvis House since acquisition in August of 1975 have met projections. The Riverside Lodge in Oakville, which opened in late November 1975 after a twelve-month period of renovations and redecorating, is now operating at optimum levels of sales and profits.

EXPLORATION

Your Company continues to carry out extensive mineral exploration, primarily in Canada.

In December 1975, the Conwest Group concluded an agreement with Consolidated Canadian Faraday Limited pursuant to which Faraday participates in the general exploration activities of the Conwest Group for a minimum period of three years. In order to gain an interest in the continuing exploration of properties acquired by the Group during 1975, Faraday purchased at cost 25% of the Group's interest in those properties.

The inclusion of Faraday, combined with a re-evaluation of the financial ability of the Conwest Group companies to contribute to exploration, necessitated a restructuring of the levels of participation by the members of the Conwest Group. The four companies will participate in the 1976 exploration programme as follows:

Conwest Exploration Company Limited ...	30%
Calmor Iron Bay Mines Limited	18%
Chimo Gold Mines Limited	27%
Consolidated Canadian Faraday Limited ..	25%

The total amount expended by the Conwest Group and Faraday during 1975 was \$1,750,000. Expenditures by others on projects in which Conwest participates were approximately \$1,300,000, giving a total exploration exposure of \$3,050,000. The aggregate expenditure by the Conwest Group and Faraday on exploration for 1976 is budgeted for \$1,500,000.

The report of Mr. C. K. O'Connor, Vice-President, Exploration and Development is included with this report.

OTHER MAJOR INVESTMENTS

Cassiar Asbestos Corporation Limited

Your Company holds 549,600 shares of Cassiar Asbestos Corporation Limited, representing approximately 10% of the issued and outstanding capital stock of that Company.

During the year, Cassiar generated net income of \$8,289,836 compared to a net loss of \$2,145,780 incurred in 1974. Cassiar reports that this marked improvement in profits reflects an increase in the quantity of fibre sold and the average selling price. During 1975 the company sold 199,404 tons of asbestos fibre valued at \$79,491,557 compared with 183,982 tons of fibre valued at \$53,187,426 in 1974.

In the first quarter of 1976, the Company reported a profit of \$2,091,639 as compared to a profit of \$829,229 for the similar period in 1975. The Company reports that the market for asbestos, particularly for the asbestos cement grades, should continue strong through the current year.

Muscocho Explorations Limited

Conwest currently holds 1,300,000 shares representing approximately 29% of the issued capital of Muscocho.

Muscocho received \$93,333 in royalty payments from Noranda during 1975 under a lease arrangement whereby Noranda is developing to production a copper deposit in Hebecourt Township, Quebec in which Muscocho held a 15.55% interest.

Muscocho has a 20% working interest with Selco Mining Corporation as operator in the Lessard copper-zinc-silver deposit in the Frotet Lake area north of Chibougamau, Quebec. Further deep diamond drilling is planned to follow-up an encouraging intersection obtained in mid 1974.

During 1975 Muscocho's main exploration effort involved a diamond drilling programme totalling 21 holes to evaluate a gold bearing zone at Montauban, 50 miles west of Quebec City. This prospect is closely associated with base metal deposits which have been mined intermittently since the early part of this century. Further exploration of the gold and base metal potential is planned.

Muscocho has an interest in 600 claims in the Albanel Lake area of Quebec covering substantial iron deposits. Certain of the claims are held outright and others in a 50:50 joint venture with Campbell Chibougamau Mines Ltd. Development of these deposits in association with other deposits in the area controlled by the James Bay Development Corporation now seems possible within the next decade and could provide substantial revenue for the Company for many years.

Late in 1974, Muscocho acquired the base metal property of Bruneau Mining Company in the Chibougamau area subject to a 3% net smelter return on any production. The property was subsequently optioned to Texasgulf who may earn a 70% interest. Texasgulf carried out geological mapping and geophysical surveys in 1975 and plan a diamond drilling programme in 1976.

Muscocho maintains a small but active general exploration programme independently of the Conwest Group under the direction of Mr. T. Flanagan and Mr. J. McAdam.

Basin Oil Exploration Limited

Your Company holds 1,003,733 shares of the issued capital of Basin Oil Exploration Limited, representing 91.5% of the issued capital stock. This company holds 100,000 shares respecting 5.1% of the issued share capital of Bluemount Resources Limited. Bluemount is a Calgary based junior oil and gas

exploration and development company. Several developments arising out of earlier exploration successes are scheduled for production this year, and Bluemount has arranged the necessary bank financing for these projects. Basin Oil is also participating directly to the extent of 15% with Bluemount Resources Limited and Pitcairn Industries of Jenkinstown, Pennsylvania in a programme of exploration and development of shallow gas properties in Okmulgee County, Oklahoma, U.S.A.

Bay Copper Mines Limited

Conwest holds 80% of the issued capital of Bay Copper Mines Limited, incorporated in 1955 to acquire a lead-zinc-copper-silver prospect in the Bathurst area of New Brunswick.

In August, 1974, Bay Copper Mines Limited entered into an option agreement with Texasgulf Inc. which provides for the amalgamation of both companies' properties, subject to Bay Copper retaining a 10% non-assessable interest in any profits arising from commercial production.

Extensive exploration by both companies in the late 1950's established the presence of a significant lead-zinc-silver deposit which plunges from surface on the Texasgulf claims to depth on the Bay Copper claims. During 1975, Texasgulf continued with a programme of deep diamond drilling on the Bay Copper claims, pursuant to the above agreement. This initial programme was completed in October 1975 and totalled some 24,752 feet in nine holes. Several significant intersections were obtained, however the drill holes deviated considerably and correlation of results is not reliable with the limited data available. During 1976 Texasgulf plans to carry out further exploration including geological mapping, geophysical and geochemical surveys and diamond drilling, to determine if additional mineralization is present at shallower depths.

Conwest Exploration Overseas Limited

Your Company holds 1,980,000 shares of Conwest Exploration Overseas Limited, representing 80.8% of the capital stock of that Company. Conwest Overseas, through its 76% owned subsidiary, Conwest Exploration (Australia) N.L. maintained an interest in several mineral exploration joint venture projects during the year, none of which have to date indicated commercial mineralization. Conwest Exploration (Australia) N.L. has by virtue of these joint venture agreements not been required to make substantial contributions to exploration expenditures for the past two years.

DIRECTORS AND OFFICERS

Mr. Charles R. Elliott retired from the Board of Directors and as Chairman of the Board of Directors of your Company in March of 1976. Mr. Elliott has served your Company since incorporation in 1938 and contributed most significantly to the development of the Company's stature and growth. Your Board records its deepest gratitude and appreciation for his wide ranging contributions to your Company.

Mr. John C. Lamacraft, a Director and Secretary-Treasurer of your Company, was appointed Executive Vice-President in early 1976.

Your directors convey their appreciation to the staff and employees for their contributions to the Company's developments.

MARTIN P. CONNELL,
President.

Toronto, Ontario
June 3, 1976

Report on Exploration

The following summarizes some of the more significant mineral exploration projects in which your Company participates. They are divided into two groups reflecting the varying interests of the participants.

GROUP I – Conwest 66⅔%, Chimo 20%, Calmor 13⅓%

a) The Conwest Group holds a 51% interest in a joint venture with Essex Minerals Company (formerly U.S. Steel Western Hemisphere Inc.) in the exploration of a large claim group northwest of the Anvil-Vangorda area of the Yukon. Extensive gridding, geophysical surveys and geological mapping and limited soil sampling were completed in 1975. Completion of the geophysical surveys and soil sampling is under way. The area is considered highly promising for Anvil type mineralization.

b) Brascan Resources Limited of Calgary as Operator continued evaluation of the Yava Syndicate claim holdings in the Hackett River area of the Northwest Territories in which the Conwest Group retains a 22½% interest. No significant new mineralization was discovered during 1975. Additional drilling will be required to determine the ultimate potential of the discovery zone located in 1974.

c) Exploration continued on several claim groups adjacent to Patino Mines (Quebec) Limited's new Lemoine mine in the Chibougamau area of Quebec. These claims are held in a joint venture initiated in 1974 with Muscocho Explorations Limited (40%) and work during 1975 included 1707 feet of diamond drilling. Results were not encouraging.

GROUP II – Conwest 30%, Chimo 27%, Calmor 18%, Faraday 25%.

a) Conwest is managing a joint venture with Getty Mining Northeast Limited (50%) to evaluate a volcanic belt southeast of Moosonee, Ontario utilizing an airborne and ground geophysical approach. This project commenced in March 1975, and the joint venture currently holds 798 claims in the area of interest. Diamond drilling of selected targets is planned for 1976.

b) Two other projects similar to the above over smaller areas in Ontario are continuing. One anomaly was tested by diamond drilling early this spring with negative results.

c) Early in 1976 Conwest undertook a major property acquisition programme in the Bathurst area of New Brunswick as a prelude to a concerted exploration effort in this prolific base-metal producing camp. Consideration is being given to seeking joint venture partners interested in taking a long term approach to a re-evaluation of this area where several new discoveries were made during 1975.

d) In the fall of 1975 Conwest optioned 45 claims north of Red Lake, Ontario covering a previously untested asbestos occurrence. Magnetometer surveys and diamond drilling from the lake ice were carried out early in 1976. Results failed to indicate continuity of the better quality fibre and the option will be terminated.

Numerous other property examinations and technical evaluations were carried out in various parts of Canada.

Respectfully submitted,

C. K. O'CONNOR

Vice-President, Exploration and Development

Report on the Conwest Canadian Uranium Exploration Joint Venture

The Joint Venture is currently exploring properties that aggregate approximately 480,000 acres. This includes 388,000 acres along the southern edge of the Athabasca Basin in Saskatchewan, leases and exploration rights in the Blind River area of Ontario, and claims in the Berard Lake area of Quebec and the Portland Canal area of Newfoundland.

In Saskatchewan the Department of Mineral Resources is a partner and contributes its share of exploration costs. The 1975 field programme commenced in August and was limited to partial surface prospecting and lake sediment geochemical surveys. In early 1976, approximately 250 rotary holes were drilled through the overburden to define the contact between the Athabasca sandstone and the Wollaston Lake fold belt, to determine the thickness of the overburden, and to obtain samples for heavy mineral analyses. Exploration of this large property has resumed for the summer season, and will consist of completion of the surface prospecting and lake sediment geochemical surveys, plus an airborne geophysical survey measuring magnetic, VLF electromagnetic and spectrometric response.

The Blind River project is subject to an exploration agreement with Lacana Mining Corporation and Driftex Limited. During the past winter four diamond drill holes totalling some 11,400 feet were drilled. No ore was encountered and the results are being evaluated.

The Quebec and Newfoundland claims are held solely by the Joint Venture and preliminary exploration of both properties is planned for the coming field season.

Reconnaissance exploration will be carried out in Ontario, Quebec, British Columbia, the Northwest Territories and the Maritime Provinces during the 1976 field season.

Respectfully submitted,

Dr. E. F. EVOY

Technical Director

Conwest Exploration

(Incorporated under
and its

Consolidated Balance Sheet

(with comparative figures)

	1975	1974
ASSETS		
Current:		
Cash		\$ 318,912
Bonds and short-term deposits, at cost (which approximates market value)	\$ 254,940	4,230,116
Accounts receivable	725,344	651,999
Note receivable	365,215	365,215
Total current assets	1,345,499	5,566,242
Notes receivable (note 2)	1,006,850	1,307,679
Less current portion	365,215	365,215
	641,635	942,464
Investment in mining companies and properties, at cost less amounts written off (notes 3 to 5):		
Shares with a quoted market value (market value 1975 — \$7,653,520; 1974 — \$4,827,818)	6,823,712	7,017,362
Effectively controlled companies	5,232,950	880,471
Other shares and advances	1,295,812	1,275,850
Mining properties and expenditures thereon	1,644,082	2,503,018
Total interest in mining companies and properties	14,996,556	11,676,701
Fixed assets, at cost less accumulated depreciation (note 1(e))	1,033,776	409,906
Other assets:		
Deferred past service pension costs (note 1(d))		44,250
Deferred income taxes (note 6)	109,500	
Goodwill (note 6)	357,000	
	466,500	44,250
	<u>\$18,483,966</u>	<u>\$18,639,563</u>

To the Shareholders of
Conwest Exploration Company Limited:

We have examined the consolidated balance sheet of Conwest Exploration Company Limited and its subsidiaries as at December 31, 1975 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. For Conwest Exploration Company Limited and for those other companies of which we are the auditors and which are consolidated or accounted for by the equity method in these financial statements, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For other companies consolidated or accounted for by the equity method we have re-

Toronto, Canada,
May 14, 1976.

AUDITORS

Company Limited

(In accordance with the laws of Canada)

and its subsidiaries

Balance Sheet — December 31, 1975

(Audited for the year ended December 31, 1974)

LIABILITIES		1975	1974
Current:			
Bank indebtedness	\$	119,206	
Bank loan (note 7)		1,137,000	
Accounts payable		441,878	\$ 163,701
Mortgages payable		110,718	6,000
Note payable		10,000	15,000
Total current liabilities		1,818,802	184,701
Unfunded portion of past service pension benefits (note 1(d))		166,600	179,200
Mortgages payable (note 8)		244,218	234,385
Less current portion		110,718	6,000
		133,500	228,385
Note payable (non-interest bearing)		140,000	150,000
Less current portion		10,000	15,000
		130,000	135,000
Minority interest (note 9)		708,673	802,120
Shareholders' equity:			
Capital —			
Authorized:			
3,000,000 shares of no par value			
Issued:			
2,500,000 shares		1,284,998	1,284,998
Retained earnings		14,241,393	15,825,159
		15,526,391	17,110,157
On behalf of the Board:			
M. P. CONNELL, Director			
J. C. LAMACRAFT, Director			
		\$18,483,966	\$18,639,563

The accompanying notes are an integral part of these financial statements.

PORT

relied on the reports of the auditors who have examined their financial statements.

In our opinion, subject to such adjustments, if any, as may result from the outcome of the litigation referred to in note 11, these financial statements present fairly the consolidated financial position of the company and its subsidiaries as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.

Chartered Accountants

Conwest Exploration Company Limited

and its subsidiaries

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31, 1975

(with comparative figures for the year 1974)

	<u>1975</u>	<u>1974</u>
Source of funds:		
Investment income (net of amortized discount of \$64,481)	\$ 439,766	\$1,608,891
Loss from hospitality operations (net of depreciation and amortization)	(72,376)	
Proceeds from sale of mining properties		863,197
Proceeds from sale of fixed assets	19,603	2,600
Repayments of notes receivable	365,211	
Working capital of subsidiaries acquired		530,967
Advances from subsidiaries' minority shareholders	234,812	
Sundry income	3,539	8,000
	<u>990,555</u>	<u>3,013,655</u>
Application of funds:		
Mining, exploration and development —		
Direct	1,844,302	1,966,877
Less recovered from others	898,708	457,034
	<u>945,594</u>	<u>1,509,843</u>
Subscription to shares in and advances to other mining exploration companies ...	157,918	343,880
Net funds applied to mining, exploration and development	1,103,512	1,853,723
Purchase of hospitality division non-current assets	1,044,951	129,705
Investment transactions —		
Cost of shares acquired in International Mogul Mines Limited	3,982,340	
Cost of other investments purchased	1,773,401	2,963,349
	<u>5,755,741</u>	<u>2,963,349</u>
Cost of investments sold	1,158,690	4,006,700
Investment funds transferred (to) from working capital	4,597,051	(1,043,351)
Reduction in long-term debt	99,885	
	<u>6,845,399</u>	<u>940,077</u>
Net increase (decrease) in working capital	(5,854,844)	2,073,578
Working capital at beginning of year	5,381,541	3,307,963
Working capital (deficiency) at end of year	<u>\$ (473,303)</u>	<u>\$5,381,541</u>

The accompanying notes are an integral part of these financial statements.

Conwest Exploration Company Limited

and its subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the Year Ended December 31, 1975
(with comparative figures for the year 1974)

Income:	1975	1974
Dividends	\$ 156,876	\$ 284,184
Interest	351,437	428,340
Gain (loss) on disposal of investments	(4,166)	1,006,921
Gain on disposal of mining properties		687,294
Loss from hospitality operations (note 6)	(115,092)	
Other income	3,539	31,133
	<u>392,594</u>	<u>2,437,872</u>
Expense:		
General exploration and administrative together with the cost of current and prior years' direct exploration and development expenditures on mining claims and properties which were abandoned during the year (note 1)	2,053,495	1,408,028
Corporate	28,190	76,762
Interest	15,810	
Depreciation		16,067
Foreign exchange loss on translation of subsidiaries' net assets .	12,286	62,768
	<u>2,109,781</u>	<u>1,563,625</u>
Less portion of expenditures recovered from other companies	330,073	389,722
	<u>1,779,708</u>	<u>1,173,903</u>
	<u>(1,387,114)</u>	<u>1,263,969</u>
Other:		
Minority interest in losses of subsidiary companies	252,456	113,872
Write-down of investments	(558,608)	(64,605)
Company portion of losses of effectively controlled companies (note 1)		(318)
	<u>(306,152)</u>	<u>48,949</u>
Income (loss) for the year before income tax charge and related extraordinary item	<u>(1,693,266)</u>	<u>1,312,918</u>
Income tax credit (charge):		
Credit for subsidiary's income taxes (note 6)	109,500	
Provision for deferred income taxes that would have been required if expenditures of prior years had not been available as deductions for tax purposes	(6,000)	(220,000)
	<u>103,500</u>	<u>(220,000)</u>
Income (loss) before extraordinary item	<u>(1,589,766)</u>	<u>1,092,918</u>
Extraordinary item:		
Income tax reduction from application of exploration and development expenses of prior years (note 10)	6,000	220,000
Net income (loss) for the year	<u>\$(1,583,766)</u>	<u>\$ 1,312,918</u>
Earnings (loss) per share before extraordinary item	<u>\$(0.64)</u>	<u>\$0.44</u>
Earnings (loss) per share	<u>\$(0.63)</u>	<u>\$0.53</u>

The accompanying notes are an integral part of these financial statements.

Conwest Exploration Company Limited

and its subsidiaries

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31, 1975
(with comparative figures for the year 1974)

	<u>1975</u>	<u>1974</u>
Retained earnings at beginning of year	\$15,825,159	\$14,512,241
Net income (loss) for the year	<u>(1,583,766)</u>	<u>1,312,918</u>
Retained earnings at end of year	<u><u>\$14,241,393</u></u>	<u><u>\$15,825,159</u></u>

The accompanying notes are an integral part of these financial statements.

Conwest Exploration Company Limited

and its subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1975

1. Summary of significant accounting policies

(a) Long-term inter-corporate investments —

The accompanying financial statements include, on a consolidated basis, the accounts of the company and all of its subsidiaries. Conwest's interest in companies in which it has effective control (but not majority share ownership) are accounted for on the basis of cost plus Conwest's net equity in undistributed earnings in such companies since the date of acquisition of effective control. Other long-term investments are carried at cost less amounts written off.

Subsidiary companies:

	Conwest equity
Basin Oil Exploration Limited	91%
Bay Copper Mines Limited	80%
Chance Mining and Exploration Company Limited	54%
Coniska Copper Mines Limited	50%
Conwest Exploration Overseas Limited and its subsidiary Conwest Exploration (Australia) N.L.	81%
Edlon Mines Limited	77%
Indata Resources Limited and its subsidiaries	67%
Manasan Mines Limited	73%
Ontario Lithium Company Limited	83%
Willow Creek Mines	100%

Effectively controlled companies:

International Mogul Mines Limited	40%
Muscocho Explorations Limited	28%
Hucamp Mines Limited	38%
Liard Fluorspar Mines Limited	47%
West Graham Mines Limited	48%

(b) Translation of foreign currencies —

Current assets and current liabilities are translated at the rate of exchange in effect at the close of the period. Long-term assets are translated at the rates in effect at the dates these assets were acquired, and long-term liabilities are translated at the rates in effect at the dates these obligations were incurred. Exchange adjustments are charged or credited to income.

Revenue and expense accounts are translated at the average exchange rate for the year, except for depreciation which is translated at the rate of exchange which was in effect when the respective assets were acquired.

(c) Mining properties and expenditures thereon —

The company and its subsidiaries write off all general exploration expenditures incurred during the year and capitalize the direct cost of acquisition, and expenditures thereon, of mining properties which were in good standing at the year end. Upon disposal or abandonment of such interest the net gain or loss is reflected in the statement of income.

(d) Pension costs —

The balance of deferred past service costs was charged to operations in 1975. The present value of the unfunded portion of past service benefits is being funded by annual payments of \$21,600 (including interest) to December 31, 1989.

(e) Fixed assets —

Fixed assets, substantially all of which relate to the hospitality operations, are carried at cost as follows:

	Cost	Accumulated depreciation	Total
Land	\$ 196,407		\$ 196,407
Parking lot	28,104	\$ 187	27,917
Building	572,060	20,199	551,861
Furniture, fixtures and equipment	294,447	36,856	257,591
	<u>\$1,091,018</u>	<u>\$57,242</u>	<u>\$1,033,776</u>

Depreciation is written on a declining balance basis commencing in the month of acquisition at the following rates:

Parking lot	4%
Building	5%
Furniture, fixtures and equipment	20% or 30%

2. Non-interest bearing notes receivable

	1975	1974
Notes receivable from Pine Point Mines Limited in consideration for mining claims sold to Pine Point in 1974	\$ 989,183	\$1,288,012
Mortgage receivable from an officer	17,667	19,667
	<u>1,006,850</u>	<u>1,307,679</u>
Less current portion	365,215	365,215
	<u>\$ 641,635</u>	<u>\$ 942,464</u>

The amounts receivable from Pine Point do not bear interest and accordingly, the company has discounted the future instalments by 5%. The discount (December 31, 1975 — \$100,465) has been deducted from notes receivable and the amortization for the year is included in interest income.

3. Shares with a quoted market value at cost

	December 31, 1975			
	Number of shares	% of outstanding capital	Cost	Quoted market value
Cassiar Asbestos Corporation Limited	550,100	10.0	\$2,456,540	\$3,850,700
Central Patricia Gold Mines, Limited	301,224	12.0	366,650	271,102
Consolidated Canadian Faraday Limited	320,700	9.0	626,512	804,957
Other investments with a quoted market value			3,374,010	2,726,761
Total cost and market value December 31, 1975			<u>\$6,823,712</u>	<u>\$7,653,520</u>
Total cost and market value December 31, 1974			<u>\$6,817,362</u>	<u>\$4,827,818</u>

4. Effectively controlled companies

	December 31, 1975			
	Number of shares	% interest	Carrying value	Quoted market value
Investments with quoted market value —				
Hucamp Mines Limited	662,205	37.8	\$ 64,147	\$ 331,103
International Mogul Mines Limited ((a) below)	995,585	40.3	3,982,340	2,638,300
Muscocho Explorations Limited ((b) below) —				
Shares held at year end	950,000	20.3	380,000	285,000
Share subscription	350,000	7.5	140,000	
			<u>4,566,487</u>	
Other investments and advances			666,463	
Total investment in effectively controlled companies			<u>\$5,232,950</u>	

- (a) On October 27, 1975, pursuant to an agreement dated October 16, 1975, the company purchased 995,585 common shares of International Mogul Mines Limited (Mogul) from Coldstream Mines Limited (Coldstream). The purchase price was \$3,982,340 with an additional \$1,793,000 payable (subject to certain conditions), if, as and when Coldstream retires its indebtedness to Mogul in the amount of \$4,443,000.

The purchase represents 40.3% of the voting shares of Mogul (32.5% if all options and conversion privileges (conversion price \$16.00 per share) outstanding on Mogul shares at December 31, 1975 are exercised) giving Conwest effective control. Subsequent to the purchase date, a substantial reorganization of Mogul took place. Accordingly, in applying the equity method of accounting described in note 1(a), the date of acquisition of effective control has been taken as December 31, 1975 and the investment has been carried at cost on the accompanying balance sheet.

Had the results of Mogul been accounted for on the equity basis for the last two months of 1975, it would not have had a material effect on Conwest's loss for the year.

Based on consolidated financial statements at December 31, 1975, Mogul had the following:

Gross revenue	\$25,644,000
Loss before extraordinary items	\$764,000
Loss for the year	\$1,316,000

Subsequent to December 31, 1975, Mogul disposed of its Irish mining operation and settled certain outstanding obligations at amounts which were not significantly different from values ascribed to these areas at the time of purchase by Conwest.

- (b) Pursuant to an agreement entered into during 1974, the company agreed to subscribe for 350,000 common shares of Muscocho Explorations Limited (Muscocho) at \$0.40 per share (\$140,000). At December 31, 1975, the company had not yet paid for these shares, nor had the shares been issued. This transaction was completed subsequent to the year end.

In addition, Conwest may be committed to finance additional exploration expenditures of Muscocho to a maximum of \$2,000,000 to the end of 1978, by way of subscribing for a combination of shares and income debentures of Muscocho. The company advanced \$205,000 under this agreement to December 31, 1975 and is entitled to receive 205,000 common shares and 6% debentures in the amount of \$205,000. Since the shares had not been issued at December 31, 1975, the share entitlement is not reflected in the accompanying financial statements. The debentures are included in "other investments and advances".

The total share entitlement at December 31, 1975 is 555,000 and when combined with previous shareholdings represents 32.2% of the voting shares of Muscocho (after adjusting for the issuance of the aforementioned shares) giving Conwest effective control as of December 31, 1975. The company will account for its investment in Muscocho on an equity basis in 1976.

5. Mining properties at cost and expenditures thereon

	1975	1974
Balance at beginning of year	\$2,503,018	\$2,639,698
Current year's expenditures capitalized net of related recoveries of \$568,635 (1974 — \$151,465)	212,671	388,509
	2,715,689	3,028,207
Expenditures charged to income	1,071,607	525,189
Balance at end of year	<u>\$1,644,082</u>	<u>\$2,503,018</u>

- (a) Pursuant to an agreement dated December 1, 1975, three other companies agreed to participate with the company in certain exploration projects of the company commenced prior to December 31, 1975 and all non-hydrocarbon exploration subsequent to January 1, 1976. The participants have agreed to expenditures of up to \$1,500,000 annually for the three years ended December 31, 1978 allocated pro rata in accordance with their interests as follows:

Conwest	30%
Chimo Gold Mines Limited	27%
Calmar Iron Bay Mines Limited	18%
Consolidated Canadian Faraday Ltd.	25%

This agreement does not affect the agreement with respect to the Conwest Canadian Uranium Joint Venture agreement referred to in (b) below.

- (b) Pursuant to an agreement dated March 18, 1976, Conwest Exploration Company Limited, Eldorado Nuclear Limited (a Canadian company), Empresa Nacional del Uranio S.A. (a Spanish company), Electrowatt Limited (a Swiss company) and Central Electricity Generating Board (a British agency) entered into a joint venture in connection with the exploration and development of uranium resources in Canada.

Exploration work in connection with the joint venture commenced in early 1975 based on letters of intent between the parties to the joint venture agreement.

The agreement provides for contributions by each joint venturer in the following amounts, subject to upward adjustment based on changes in the Consumer Price Index for Canada.

Year ended December 31	Required from each of the five joint venturers	Total to be received
1975 (received)	\$100,000	\$ 500,000
1976	300,000	1,500,000
1977	300,000	1,500,000
1978	300,000	1,500,000
1979	300,000	1,500,000
1980	200,000	1,000,000
Total		<u>\$7,500,000</u>

The companies noted below have agreed with Conwest to participate in Conwest's interest in the joint venture. These companies will contribute their pro rata share of Conwest's exploration commitment and are entitled to pro rata shares of Conwest's entitlement.

Conwest	25%
Consolidated Canadian Faraday Ltd.	25%
International Mogul Mines Limited	25%
Chimo Gold Mines Limited	15%
Calmor Iron Bay Mines Limited	10%

6. Hospitality operations

Pursuant to an agreement dated March 31, 1975, the company, together with two affiliated companies, purchased from Jarvis House (Toronto) Limited, all the assets of the "Jarvis House" for approximately \$874,000 cash and the assumption of a \$25,000 first mortgage. The purchase took place on August 13, 1975 and the company's 66⅔% interest in the operations from that date have been included in the accompanying statement of income.

The company's 66⅔% interest in the assets of this joint venture at December 31, 1975 has been included in the balance sheet as follows:

Goodwill on acquisition (being amortized over 20 years)		\$360,000
Less amortization		3,000
		<u>357,000</u>
Fixed assets —		
On acquisition	\$239,483	
Subsequent additions	3,950	
	<u>243,433</u>	
Less depreciation	5,319	238,114
		<u>595,114</u>
Net current liabilities at December 31, 1975		9,583
Equity of Conwest at December 31, 1975		<u>\$585,531</u>

A subsidiary also operates the "Riverside Lodge" in Oakville, Ontario.

The company's interest in the total hospitality operation has been reflected in the accompanying statement of income. The results of operations were as follows:

Sales	\$624,458
Cost of sales and administrative expenses	671,039
Mortgage interest	25,795
Depreciation	39,716
Amortization of goodwill	3,000
Total expenses	<u>739,550</u>
Loss before provision for future income tax recoveries	115,092
Credit for potential income tax recoveries from the application of subsidiary's current loss in future years	109,500
Net loss from hospitality operations	<u>\$ 5,592</u>

7. Bank loan

The bank loan bears interest at the prime bank rate (9¾% at December 31, 1975) against which 250,000 shares of Cassiar Asbestos Corporation Limited have been pledged as collateral.

8. Mortgages payable

Details of the mortgages are as follows:

	1975	1974
Traders Realty Limited — 9½% due June 22, 1980	\$ 139,500	\$ 145,500
The Bank of Nova Scotia — 9% due April 16, 1976	88,885	88,885
Other	15,833	
	<u>\$ 244,218</u>	<u>\$ 234,385</u>

9. Minority interest

Minority interest of \$708,673 (1974 — \$802,120) is the interest of minority shareholders in subsidiary companies whose non-current assets, in the amounts shown below, are included in the consolidated balance sheet under the following captions:

	1975	1974
Shares with a quoted market value (market value 1975 — \$270,567; 1974 — \$223,519)	\$ 422,428	\$ 549,974
Fixed assets, at cost less accumulated depreciation	795,662	390,905
Other shares and advances	500,001	500,001
Mining properties and expenditures thereon	773,198	1,142,440
	<u>\$2,491,289</u>	<u>\$2,583,320</u>

10. Income taxes

Under the Income Tax Act certain of the company's exploration and development expenditures (included in mining properties and expenditures or previously written off and deducted from retained earnings) are available to reduce income for tax purposes.

A deferred tax liability that would otherwise have been accrued for 1975 (\$6,000; 1974 — \$220,000) has been eliminated by the application of such expenditures. The company is currently undertaking a study to determine the amounts of such expenditures available to it for application against future taxable income. While this study is not completed, the company estimates the amount available will be in excess of \$5,000,000.

11. Legal action

On April 15, 1971, Victor A. Sittler, Hiram H. Nelson, Ronald L. Kirk and Robert W. Kirk, the "plaintiffs", commenced an action in the Supreme Court of the Yukon Territory against Conwest Exploration Company Limited claiming up to 580,000 additional shares of Cassiar Asbestos Corporation Limited plus dividends and interest up to \$4.5 million, or in the alternative damages up to an amount of approximately \$19 million for breach of contract. The plaintiffs claim they are entitled to a further 100,000 shares under an agreement dated October 11, 1950 in addition to the 300,000 shares issued to the plaintiffs under an amending agreement dated June 7, 1951, and in addition, they claim additional shares accrue to them without further consideration for subsequent increases in the authorized capital of Cassiar, being 480,000 shares or in the alternative, 360,000 shares. The bases of the plaintiffs' claims are similar to those in an action by the plaintiffs commenced on July 9, 1958 in the Yukon Territory and discontinued by the plaintiffs on January 21, 1960. The action was dismissed with costs on June 19, 1974 by the Supreme Court of the Yukon Territory. The plaintiffs have appealed the decision to the British Columbia Court of Appeal.

Although as of the date of the auditors' report the appeal has not been heard, the directors consider that they have an obligation to the shareholders to express their opinion on the possible effect the action might have on the company. It is the opinion of the directors that the plaintiffs' appeal will not succeed and accordingly no provision therefor has been made in the financial statements.

12. Remuneration of officers and directors

Aggregate direct remuneration of directors and senior officers (as defined in The Canada Corporations Act) during the year amounted to \$18,600.

Central Patricia Gold Mines, Limited pays substantially all the remuneration of directors and senior officers of certain related companies (the Conwest Group) and is reimbursed by these companies for their proportionate share. During the year, Conwest's share of the amounts so paid was \$153,333.

The aggregate cost to the company during the year ended December 31, 1975 with respect to all pension benefits proposed to be paid for officers and directors in the event of retirement at normal retirement age (65 years) was \$10,700.

13. Reclassification of 1974 comparative figures

Certain of the 1974 comparative figures have been reclassified to conform with groupings adopted in 1975. There has been no change in 1974 income previously reported.

14. Subsequent events

(a) Acquisition of "Ascot Inn" —

On March 1, 1976, pursuant to an agreement dated October 10, 1975, a subsidiary company purchased all of the assets of the business known as the "Ascot Inn" for approximately \$1,620,000 payable as follows:

On closing	\$ 400,000
Assumption of existing mortgages	314,483
10¾% mortgage taken back by the vendors	905,517
	<u>\$1,620,000</u>

(b) Acquisition of "Ports of Call" —

On January 19, 1976, pursuant to an agreement dated October 27, 1975, a subsidiary company purchased all of the assets of the business known as the "Ports of Call" for approximately \$3,100,000 payable as follows:

Deposit paid	\$ 25,000
On closing	1,675,000
10% mortgage taken back by the vendor and guaranteed by Conwest	1,400,000
	<u>\$3,100,000</u>

(c) Bank guarantee —

Pursuant to an agreement dated March 29, 1976, the company, together with Chimo Gold Mines Limited and Calmor Iron Bay Mines Limited has guaranteed the bank indebtedness of a subsidiary company to a maximum of \$4,000,000.

Conwest Exploration Company Limited

INFORMATION CIRCULAR

Solicitation of Proxies

This statement is furnished by the management of Conwest Exploration Company Limited, hereinafter called the "Company", in connection with the solicitation of proxies for use at the Annual Meeting of Shareholders of the Company to be held at The Adelaide Room, Hotel Toronto, 145 Richmond Street West, Toronto, Ontario, on Wednesday, June 30, 1976, at 9:30 o'clock in the forenoon for the purpose set out in the accompanying notice of meeting.

Solicitation is being made by mail, which may be supplemented by telephone or other personal contact, to be made without special compensation by officers and employees of the Company. The Company will bear all expenses in connection with the solicitation of proxies but the Company will not reimburse Shareholders' nominees or agents for any costs incurred in obtaining from their principals instruments of proxy or authorization to execute such proxies.

IN THE EVENT OF YOUR NOT BEING PRESENT AT THE ANNUAL MEETING, THE MANAGEMENT OF THE COMPANY SOLICITS YOUR PROXY AND YOU ARE REQUESTED TO FILL IN, DATE, SIGN AND RETURN THE ENCLOSED INSTRUMENT OF PROXY.

The shares represented by such proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the directions contained therein. WHERE NO DIRECTIONS ARE SPECIFIED WITH RESPECT TO ANY MATTER, THE SHARES SO REPRESENTED WILL BE VOTED IN FAVOUR OF SUCH MATTER.

Revocability of Proxy

Any proxy given by a registered shareholder may be revoked by notice in writing executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the executive offices of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of the Annual Meeting on the day of the meeting or adjournment thereof which shall be a valid revocation of such proxy, except as to any matter in which a vote may already have been cast pursuant to the authority conferred by such proxy.

Voting Shares and Principal Holders Thereof

The authorized capital of the Company is 3,000,000 shares without nominal or par value whereof 2,500,000 shares are issued and outstanding as fully paid and non-assessable. Only shareholders of record on June 30, 1976, the date of the Annual Meeting, are entitled to vote thereat. The registered holders of all such shares are entitled at the Annual Meeting to one vote for each share held.

To the knowledge of the directors and officers of the Company, the following are the only shareholders beneficially owning, directly or indirectly, 10% or more of the issued and outstanding shares of the Company.

Name of Shareholder	Approximate Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Central Patricia Gold Mines, Limited	713,700	28.5
I. F. T. Kennedy	270,401	10.8
Constead Limited	250,000	10.0

Election of Directors

The board of directors consists of seven directors who are elected at the Annual Meeting to serve until the next Annual Meeting or until their successors are elected or appointed. It is intended to vote the proxies received pursuant to this solicitation for the election of the seven nominees who are listed below. In the event that any vacancy occurs in the slate of nominees submitted herewith, which is not anticipated, it is intended that the persons named in the accompanying instrument of proxy reserve the right to vote for another person of their choice in place of the nominee who is unable to serve as a director. The names and pertinent information with respect to each of the nominees for election as directors as reported by each are shown below, including the date on which each nominee first became a director of the Company.

Proposed Nominees	Principal Occupation or Employment	Director From	Number of Company Shares Beneficially Owned	Approximate number shares beneficially owned directly or indirectly of Subsidiary, Basin Oil Exploration Limited
William C. Campbell	For past five years, President of Consolidated Canadian Faraday Limited and a member of Day, Wilson & Campbell (barristers and solicitors).	June 3, 1975	—	
Earl B. Connell	Farm Manager.	April 29, 1963	1,501	
Martin P. Connell	President of the Company.	Sept. 27, 1968	2,755	2,501
Stewart E. Jamieson	President of The British Metal Corporation (Canada) Limited.	April 30, 1953	1	
Ian F. T. Kennedy	Vice-President of the Company.	Sept. 27, 1968	270,401	12,728
John C. Lamacraft	Executive Vice-President and Secretary-Treasurer of the Company.	June 20, 1974	1	
C. Kelly O'Connor	Vice-President, Exploration and Development, of the Company since March 1975.	March 4, 1975	1	

To the knowledge of the directors and officers of the Company, the following nominees together with associates, as defined by The Securities Act (Ontario) and the Canada Corporations Act, hold 10% or more of the issued and outstanding shares of the Company.

I. F. T. Kennedy	270,401
Associates:	
— McVittie-Graham Mining Company Limited	110,800
— Central Patricia Gold Mines, Limited	713,700
Martin P. Connell	2,755
Associates:	
— McVittie-Graham Mining Company Limited	110,800
— Central Patricia Gold Mines, Limited	713,700

Remuneration of Directors and Senior Officers

Aggregate direct remuneration of directors and senior officers (as defined in The Canada Corporations Act) during the year amounted to \$18,600.

Central Patricia Gold Mines, Limited pays substantially all the remuneration of directors and senior officers of certain related companies (the Conwest Group) and is reimbursed by these companies for their proportionate share. During the year, Conwest's share of the amounts so paid was \$153,333.

The aggregate cost to the company during the year ended December 31, 1975, with respect to all pension benefits proposed to be paid for officers and directors in the event of retirement at normal retirement age (65) was..... \$ 10,700

Interest of Management and Others in Material Transactions

In August 1975, the company, together with two affiliated companies, Chimo Gold Mines Limited and Calmor Iron Bay Mines Limited, purchased substantially all of the assets of the Jarvis House (Toronto) Limited as a going concern for a total consideration of approximately \$895,000. The company purchased a 66⅔% interest in the assets and paid a similar proportion of the consideration. Mr. M. P. Connell, an Officer, Director, and Shareholder of the company, beneficially owned 50% of the issued shares of the Jarvis House (Toronto) Limited.

Appointment of Auditors

It is proposed that Clarkson, Gordon & Co., Chartered Accountants, the present Auditors, be reappointed as auditors of the Company, to hold office until the next Annual Meeting of shareholders at a remuneration to be fixed by the board of directors of the Company. Clarkson, Gordon & Co. have been the auditors of the Company since its inception.

Other Business

The management is not aware of any matters to be presented for action at the meeting other than those listed in the notice of meeting. However, if other matters properly come before the meeting, it is the intention of the persons named in the accompanying instrument of proxy to vote the said proxies in accordance with their best judgment on such matters.

By Order of the Board of Directors,

J. C. LAMACRAFT
Secretary

Dated June 3, 1976
Toronto, Ontario.

